

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 NEA-09 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01

PRS-01 USIA-06 /107 W

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R 211512Z MAR 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8499

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY ADDIS ABABA

AMEMBASSY ALGIERS

AMEMBASSY BUJUMBURA

AMEMBASSY DAKAR

AMEMBASSY DAR ES SALAAM

AMEMBASSY FREETOWN

AMEMBASSY KINSHASA

AMEMBASSY LIBREVILLE

AMEMBASSY LOME

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY MONROVIA

AMEMBASSY NAIROBI

AMEMBASSY RABAT

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

USMISSION OECD PARIS

C O N F I D E N T I A L LAGOS 2724

E.O. 11652: GDS

TAGS: ENRG, NI, XA, OPEC, OAU

SUBJECT: CONCESSIONAL OIL PRICES FOR AFRICAN COUNTRIES:

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WHO SPEAKS FOR NIGERIA?

REFS: (A) LAGOS 9741 OF OCTOBER 22, 1974

(B) LAGOS 2071 OF MARCH 5, 1975

1. THIS EMBASSY HAS TWICE BEFORE DISCUSSED THE NIGERIAN GOVERNMENT POLICY OF WANTING TO BE SEEN BY FELLOW AFRICANS TO BE WILLING TO MAKE CRUDE OIL AVAILABLE TO THEM ON BENEFICIAL TERMS AND AT THE SAME TIME OF WANTING NOT TO BREAK OPEC SOLIDARITY OR TO DO ANYTHING THAT SMACKS OF A TWO-TIER OIL PRICING SYSTEM. LAST OCTOBER, WE QUOTED A MINISTRY OF MINES AND POWER OFFICIAL AS SAYING THAT THE BENEFITS WHICH COULD BE GRANTED TO AFRICAN BUYERS OF NIGERIAN OIL MIGHT BE IN THE FORM OF TECHNICAL ASSISTANCE, NOT PRICE DISCOUNTS. WE HAVE ALSO CALLED THE POLICY A NON-ISSUE BECAUSE WE BELIEVE THE FMG HAS NO INTENTION OF SO HIGHLY REWARDING AFRICAN OIL BUYERS THAT ANY SIGNIFICANT NUMBER OF AFRICAN REFINERIES WOULD FIND IT ADVANTAGEOUS TO SWITCH TO NIGERIAN CRUDE, AND EVEN IF THEY DID THEIR TOTAL CAPACITY WOULD REQUIRE ONLY A SMALL FRACTION OF NIGERIA'S OIL. THE ONLY STATE SO FAR TO NEGOTIATE AN OIL PURCHASE WITH THE FMG (GHANA) IN FACT DECREASED ITS LIFTINGS IN THE COURSE OF LAST YEAR.

2. THIS IS CERTAINLY NOT THE FIRST TIME THAT A NATION HAS TRIED TO STEER A COURSE BETWEEN TWO UNDESIRABLE CIRCUMSTANCES ON THE CALCULATED EXPECTATION THAT IT COULD AVOID DANGEROUS WATERS ON EITHER SIDE. COMMISSIONER OF MINES AND POWER MONGUNO RECENTLY HAD A TURN AT THE RUDDER, TRYING TO PROVE TO HIS COLLEAGUES IN OPEC THAT NIGERIA DOES NOT HAVE A TWO-TIER PRICE SYSTEM WHICH WOULD BE UNACCEPTABLE TO THEM. HE SAID MARCH 12 ON HIS ARRIVAL HOME FROM THE ALGIERS SUMMIT THAT RECENT "NEWSPAPER REPORTS THAT THE FMG HAD DECIDED OR OFFERED TO SELL HER OIL TO AFRICAN COUNTRIES AT A REDUCED PRICE" WERE WRONG. THIS IS LITERALLY TRUE BECAUSE SOME JOURNALISTS HAD READ TOO MUCH INTO THE BRIEF COMMENT ON THIS SUBJECT DELIVERED BY AMBASSADOR ADEGOROYE TO THE ECA MINISTERIAL CONFERENCE IN NAIROBI ON FEBRUARY 26. THE COMMISSIONER WENT ON TO SAY THE FMG "COULD HOWEVER GIVE SOFT LOANS, GRANTS, SUBSIDY OR FINANCIAL ASSISTANCE TO NEEDY AND FRIENDLY DEVELOPING COUNTRIES SO THAT OIL COULD BE AVAILABLE TO THEM".

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3. MONGUNO DID NOT CONTRADICT AMBASSADOR ADEGOROYE WHO HAD SAID THAT " THE FMG DECIDED TO MAKE CRUDE PETROLEUM AVAILABLE TO ANY AFRICAN COUNTRY THAT REQUIRES IT AT CONCESSIONAL RATES" (PROVIDED THAT THE COUNTRY REFINES IT ITSELF AND THAT THE CRUDE " SERVE DOMESTIC USE RATHER THAN EXPORT"). BUT MONGUNO'S STATEMENT WAS APPARENTLY A BIT TOO POINTED FOR THE MINISTRY OF EXTERNAL AFFAIRS WHICH THREE DAYS LATER CAUSED

TO BE PUBLISHED THE TEXT OF AMBASSADOR ADEGOROYE'S SPEECH AND, ACCORDING TO AMEMBASSY FREETOWN, CIRCULARIZED NIGERIAN EMBASSIES WORLDWIDE TO CONFIRM ITS VALIDITY. FREETKGWN 0538 (NTOAL) REPORTS THAT THE NIGERIAN AMBASSADOR TO SIERRA LEONE LEARNED FROM MEA'S CABLE THAT MONGUNO'S STATEMENT WAS AN ERROR. THIS IS THE IMPRESSION MEA WANTS CONVEYED TO BLACK AFRICAN GOVERNMENTS, AND NIGERIAN EMBASSIES MAY NOT HAVE BEEN SEPARATELY INSTRUCTED ABOUT THE SUBTLETIES OF THE FMG'S DELIBERATELY AMBIGUOUS POLICY.

4. EACH TIME AFRICAN OR OPEC AUDIENCES REQUIRE A RESTATEMENT OF THIS POLICY (CAST ONE WAY OR THE OTHER) MORE AND MORE NIGERIANS BECOME CONFUSED BY ITS AMBIGUITIES. AN EXAMPLE OF THIS IS THE EDITORIAL IN YESTERDAY'S NIGERIAN TRIBUNE ENTITLED " WHO SPEAKS FOR NIGERIA?," WHICH PASSIONATELY (AND UNFAIRLY) CRITICIZES MONGUNO FOR REPUDIATING ADEGOROYE'S STATEMENT OF POLICY TO THE ECA. "HOW FOOLISH WE MUST NOW LOOK," SAYS THE EDITORIAL, " IN THE EYES OF OTHER AFRICAN COUNTRIES." LIKE THE OIL SALES POLICY ITSELF, " WHO SPEAKS FOR NIGERIA?" IS ANOTHER NON-ISSUE. THE ANSWER (SO FAR) IS THAT ALL OFFICIAL STATEMENTS ON THE NIGERIAN POLICY OF "CONCESSIONAL" OIL SALES TO AFRICA HAVE BEEN CORRECT IN THEMSELVES AND SO FAR AS THEY WENT.

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